

Message Text

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11

ACTION EUR-25

INFO OCT-01 ADP-00 AGR-20 CIAE-00 DODE-00 PM-09 H-02

INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

USIA-12 SPM-01 EB-11 AID-20 COME-00 TRSE-00 OMB-01

RSR-01 SAJ-01 /145 W

----- 040098

R 280703 Z MAR 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 9354

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION BERLIN

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FOR STATE AND AGRICULTURE (PARA 5)

E. O. 11652: N/ A

TAGS: EAGR ECON SPOP EGEN ETRD PFOR/ US, HU

SUBJECT: NOTES ON FOCK SPEECH TO PARLIAMENT

REF: A) BUDAPEST 2562 (NOTAL) B) BUDAPEST 2729; C)

BUDAPEST 666 (NOTAL; D) BUDAPEST 701 (NOTAL)

1. SUMMARY. IN REPORT ON WORK OF GOVERNMENT AT OPENING
SESSION OF PARLIAMENT MARCH 21 PREMIER FOCK WENT OVER
GROUND ALREADY WELL- TRAMPLED BY PARTY CENTRAL
COMMITTEE LAST NOVEMBER. ROOTING AROUND IN DUST KICKED
UP BY NOVEMBER CC AND NUMEROUS OFFICIAL SPOKESMEN SINCE,
FOCK MANAGED TO FIND A NEGLECTED SUBJECT (BIRTH RATE
PROBLEM) AND CREATE CONFUSION ABOUT TIMING OF 27 TH CEMA
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MEETING SLATED FOR PRAGUE. SAID RELATIVELY LITTLE ABOUT RELATIONS WITH SOVIET UNION, DESCRIBED VALYI VISIT TO US AND CANADA AS IMPORTANT STEP IN HUNGARY'S IMPROVING RELATIONS WITH THESE COUNTRIES. END SUMMARY.

2. LONGEST SECTION OF ONE AND ONE- HALF HOUR FOCK MONOLOGUE DEVOTED TO DOMESTIC ECONOMY, REITERATING TOP-PRIORITY GOALS OF IMPROVING LABOR PRODUCTIVITY AND TRANSFORMING AND MODERNIZING INDUSTRY. IN TERMS OF PRODUCTIVITY HUNGARY STANDS IN MIDDLE POSITION AMONG SOCIALIST COUNTRIES AND LAGS 10-15 YEARS BEHIND DEVELOPED WEST. ACCORDING FOCK, GOH IS OBSERVING CLOSELY OPERATIONS OF 50 ECONOMIC UNITS, WHICH ACCOUNT FOR 55 PERCENT OF INDUSTRIAL PRODUCTION AND 2/3 OF INDUSTRIAL EXPORTS. SPECIAL METHODS BEING APPLIED TO RESTRUCTURE SIX ENTERPRISES, INCLUDING HUNGARIAN SHIP AND CRANE FACTORY, GANZ- MEVAG, CSEPEL AUTO FACTORY, VOROS CSILLAG TRACTOR FACTORY, GEAR AND ELEVATOR FACTORY, AND CONCRETE AND REINFORMCED CONCRETE WORKS. ANOTHER 2-4 CONCERNS WILL EVENTUALLY BE ADDED TO THIS LIST.

3. FOCK STRESSED THE DIFFICULTY AND LONG- TERM NATURE OF RESTRUCTURING PROCESS. (TECHNICAL DIRECTOR OF GANZ- MAVAG SAID ON TV TRANSFORMATION OF HIS ENTERPRISE WOULD TAKE 5-10 YEARS UNDEROPTIMUM CONDITIONS.)

4. SINCE REFORM OF INDUSTRY INVOLVES INEVITABLE CHANGES IN SITUATION OF INDUSTRIAL WORKERS (TRANSFERS, RETRAINING, ETC.) CENTRAL WAGE INCREASE EMERGES MOE CLEARLY AS SWEETENER TO INDUCE THEM TO GO ALONG WITH PROBABLY UN-POPULAR PROGRAM. AT SAME TIME FOCK, LIKE OTHERS EARLIER, ADMITTED EXISTENCE OF DISCONTENT AMONG THOSE WHO DID NOT SHARE IN WAGE INCREASE.

5. GRASPING ANOTHER NETTLE, FOCK ADMITTED TO CURRENT MEAT SHORTAGE AND BLAMED IT ON HOOF AND MOUTH DISEASE OUTBREAK. AGRICULTURE SOURCES HERE HAVE TOLD US MEAT SHORTAGE CAUSED BY FACT THAT PRIVATE FARMERS BUTCHERED AND CONSUMED THEIR HOGS WHEN THEY HEARD OF HOOF AND MOUTH OUTBREAK. SITUATION WILL NOT BE RECTIFIED UNTIL MAY OR JUNE.

6. FOCK STATED THAT ORGANIZING WORK ON NEW NATIONAL LIMITED OFFICIAL USE

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PLANNING COMMISSION HAD BEGUN. ACCORDING KNOWLEDGEABLE

HUNGARIAN SOURCES, NEW PLANNING ORGAN WILL HAVE SUPERIOR RANK TO EXISTING NATIONAL PLANNING OFFICE. IT HAS NOT BEEN DECIDED WHO WILL HEAD PLANNING COMMISSION. ONLY NAME WE HAVE HEARD MENTIONED SO FAR IS DEPUTY PREMIER MATYAS TIMAR.

7. TURNING TO ECONOMIC COOPERATION AND CEMA, FOCK MADE BRIEF REFERENCE TO SOVIET UNION WITHOUT MENTIONING HIS MEETING WITH SOVIET PREMIER KOSYGIN WHICH IS SCHEDULED FOR SPRING. CURIOUSLY, HE ALSO OMITTED REFERENCE TO HIS RECENT VISIT WITH KADAR TO POLAND. ON OTHER HAND, HE

SAID 27 TH CEMA MEETING IN PRAGUE WOULD TAKE PLACE " SHORTLY." WE WOULD NORMALLY NOT EXPECT CEMA CONCLAVE BEFORE SUMMER.

8. FOCK DWELT AT SOME LENGTH ON HUNGARY' S LAGGING BIRTH RATE. POINTED OUT THAT GOVERNMENT EFFORTS SINCE 1967 PRODUCED INCREASE IN BIRTH RATE BUT FAVORABLE TREND HAS STOPPED. LAST YEAR NUMBER OF LIVE BIRTHS PER THOUSAND WAS 14.7. HUNGARY FACED WITH PROSPECT OVER LONG- TERM OF SHRINKING WORK FORCE. PRESENTLY, THERE ARE ALMOST AS MANY PENSIONERS AS INDUSTRIAL WORKERS IN HUNGARY. PART OF PROBLEM, SAID FOCK, IS DECREASE IN NUMBER OF WOMEN CABLE OF BEARING CHILDREN, BUT HE ALSO COMPLAINED ABOUT THE DECLINE IN THE ROLE OF THE MOTHER IN SOCIETY.

9. COMMENTING ON VALYT' S VISIT TO US, FOCK SAID THERE IS LACK OF AGREEMENT W OH USG ON NUMEROUS QUESTIONS HOWEVER, HE EXPRESSED HOPE THAT CLAIMS AGREEMENT WILL PAVE WAY TO EVENTUAL SOLUTION OF THESE PROBLEMS. HE MADE NO MENTION OF MFN OR CROWN OF ST. STEPHEN.

10. WE NOTE WITH INTEREST THAT ZOLTAN KOMOSCIN, MEMBER OF POLITBURO AND CHAIRMAN OF PARLIAMENTARY FOREIGN AFFAIRS COMMITTEE, APPARENTLY WAS NOT PRESENT AT ANY OF THREE- DAY SESSIONS. NO MENTION IS MADE OF HIS PRESENCE IN PRESS AND EMBASSY OFFICERS NOTICED THAT PLACE HE NORMALLY OCCUPIES WAS VACANT. THIS MAY INDICATE THAT HIS REPORTED ILLNESS IS INDEED OF A SERIOUS NATURE.
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